

FRENCH SLOUGH FLOOD CONTROL DISTRICT
Snohomish County, Washington
January 1, 1991 Through December 31, 1993

Schedule Of Federal Findings

1. District Officials Should Improve Accounting For Grants

Accounting records at French Slough Flood Control District do not comply with federal grant requirements. Revenues and expenditures resulting from federal assistance programs are not identified in the accounting records. The transactions are combined with nonfederal transactions.

The "Common Rule" for *Uniform Administrative Requirements for Grants and Cooperative Agreements* with State and Local Governments: Federal Agency Implementation of "Common Rule" Subpart C. Section 20 (b)(2) states in part:

Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

OMB Circular A-128, *Audits of State And Local Governments*, Paragraph 8. b.(1) states in part:

. . . State and local governments shall identify in their accounts all Federal funds received and expended and the programs under which they were received

The accounting records of the district are maintained by Snohomish County. The district is not in compliance with the accounting requirements discussed in the paragraphs above because it has not established a separate fund or account numbers for its federal assistance programs accounted for by the county.

We recommend that district officials establish correct accounting procedures for federal grants. We specifically recommend that officials have the county record grant related financial transactions in separate funds or accounts in compliance with federal requirements.